PUBLIC SERVICES COMMISSION

IN RE:)	
THE VIRGIN ISLANDS WATER and POWER AUTHORITY'S AVOIDED COST STUDY)))	Docket No. 620 Order No. <u>23</u>/2015

<u>ORDER</u>

WHEREAS, on May 15, 2013, the Virgin Islands Water and Power Authority ("WAPA" or the "Authority") filed with the Public Services Commission ("PSC" or "Commission") Petitions for the Electric and Water Departments for the period of July 1 to September 30, 2013; and

WHEREAS, in Order No. 50/2013 the Commission ordered that WAPA file supporting documentation associated with its avoided cost study; and

WHEREAS, on September 24, 2013, the Commission appointed Attorney Andrew C. Simpson as Hearing Examiner to preside over the proceedings for Docket 620: WAPA's Avoided Cost Study; and

WHEREAS, on May 5, 2014, the Authority filed its 2014 Avoided Cost Study and Cost of Service Study; and

WHEREAS, on June 19, 2014, a Stipulation Recommending the Adoption of Interim Avoided Costs Rates was drafted and signed by WAPA and the PSC Staff, but was not accepted by TCG Global, which submitted separate comments; and

WHEREAS, on June 20, 2014, the Commission a received the Hearing Examiner's Report and Recommendations for the Adoption of Interim Avoided Rates; and

WHEREAS, on December 16, 2014, the Commission met in regular session at both its offices on St. Croix and St. Thomas; and

WHEREAS, the Commission voted to GRANT Reconsideration of the Interim Avoided Costs rates in PSC Order No. 43/2014 and extend and review the present rate for nine (9) months, but no later than August 31, 2015.

Docket No. 620 – WAPA's Avoided Cost Study (Reconsideration of Interim Avoided Costs Order No. <u>23</u>/2014 Page 2 of 2

NOW THEREFORE, upon review and deliberation the Commission **ORDERS** that the present Interim Avoided Costs rate be extended and reviewed within nine (9) months but no later than August 31, 2015.

So Ordered.

Dated: January <u>/6</u>, 2015

Johann Clendenin, Chair

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IN RE:			
CARIBBEAN W2E CONVERSION U APPLICATION FOR QUALIFYING DESIGNATION)))	Docket No. 639 Order No. <u>21</u> /2015
	<u>ORDER</u>		
WHEREAS, on October 6, 2014, (hereinafter "the Commission" or "PSC") Conversion USVI, Inc. (hereinafter "Carifacility in the United States Virgin Island) received an Ap ibbean W2E") se	plicatio	n from Caribbean W2E
WHEREAS, on December 16, 20 offices on St. Croix and St. Thomas; and	014, the Commis	ssion m	et in regular session at both its
WHEREAS, the Commission's to supporting documents; and	echnical consult	ant revi	ewed the Application and its
WHEREAS, Caribbean W2E requalifying facility be withdrawn; and	uested that its A	pplicati	on seeking designation as a
WHEREAS, upon review and de Caribbean W2E's withdrawal of its Appli		ommiss	ion voted to GRANT
NOW THEREFORE, the Comm	nission ORDER	S that C	Caribbean W2E's Application is
So Ordered.			
	For the Com	mission	ı
Date: January <u>16</u> , 2015	Johann Clen	denin, O	<u>·</u> Chair

Public Services Commission

IN RE:		
TRANSPORTATION SERVICES OF ST. JOHN, INC. AND VARLACK VENTURES, INC. RATE INVESTIGATION)) _)	Docket No. 640 Order No. <u>20</u> /2015
ORD	ER	

By action taken in the noticed meeting of the Virgin Islands Public Services Commission on Tuesday, December 16, 2014, and pursuant to Title 30, Section 25, of the Virgin Islands Code, the following assessment is made to Transportation Services of St. John, Inc. and Varlack Ventures, Inc.:

Docket	<u>Description</u>	Amount
No. 640	Transportation Services of St. John, Inc. and	\$ 750.00
	Varlack Ventures, Inc.	\$ 750.00

Full payment is to be made within twenty (20) days of the date of this Order. Funds are to be deposited in the Treasury of the United States Virgin Islands in a special account to be maintained and administered by the Commissioner of Finance designated the Special Public Utility Deposit Account as prescribed by law.

So Ordered.

For the Commission

Date: January <u>16</u>, 2015

Johann Clendenin, Chairman

PUBLIC SERVICES COMMISSION

IN RE:)	
THE VIRGIN ISLANDS WATER and POW AUTHORITY'S AVOIDED COST STUDY	ER	
	<u>ORDER</u>	
on Tuesday, December 16, 2014, and pursu	ng of the Virgin Islands Public Services Commiss ant to Title 30, Section 25, of the Virgin Islands the Virgin Islands Water and Power Authority:	ion
DocketDescriptionNo. 620WAPA AVOIDED COST S	Amount \$ 3,000.00	
to be deposited in the Treasury of the Unite	wenty (20) days of the date of this Order. Funds and States Virgin Islands in a special account to be ssioner of Finance designated the Special Public w.	re
So Ordered.		
	For the Commission	
Date: January <u>/6</u> , 2015	Johann Clendenin, Chairman	

IN RE:			
CARIBBEAN W2E CONVERSION USY APPLICATION FOR QUALIFYING FA DESIGNATION)))	Docket No. 639 Order No. <u>22</u> /2015
	<u>ORDER</u>		
By action taken in the noticed meets on Tuesday, December 16, 2014, and pursu Code, the following assessment is made to	ant to Title 30,	Section	25, of the Virgin Islands
Docket No. 639Description Caribbean W2E Conversion	USVI, Inc.		<u>Amount</u> \$ 3,000.00
Full payment is to be made within to be deposited in the Treasury of the Unite maintained and administered by the Committel Utility Deposit Account as prescribed by la	ed States Virgin issioner of Finar	Islands	in a special account to be
So Ordered.			
	For the Comm	ission	
Date: January <u>/6</u> , 2015	Johann Clende	enin, Ch	nairman

PUBLIC SERVICES COMMISSION

IN RE:)	
)	Docket No. 632
THE VIRGIN ISLANDS WATER AND POWER)	Order No. 58/2014
AUTHORITY'S PETITION FOR APPROVAL OF A)	2
FEED IN TARIFF FOR THE ELECTRIC SYSTEM)	

ORDER

WHEREAS, on July 15, 2014, the Virgin Islands Water and Power Authority filed a Petition with the Virgin Islands Public Services Commission (hereinafter "PSC" or the "Commission") seeking approval of a feed in tariff for the electric system; and

WHEREAS, on August 26, 2014, the Commission held a Special Meeting in both its offices on St. Thomas and St. Croix; and

WHEREAS, the Commission received testimony from its staff and the Authority; and

WHEREAS, upon review and deliberation the Commission voted to appoint Attorney Andrew C. Simpson as Hearing Examiner to preside over the proceedings for Docket 632: WAPA's Petition for Approval of a Feed in Tariff for the Electric System; and

NOWTHEREFORE, the Commission hereby:

- 1. Finds that it is satisfied with the credentials of Andrew C. Simpson, Esq.
- 2. Appoints Andrew C. Simpson as the Hearing Examiner in Docket 632.

So Ordered.

For the Commission

Dated: January <u>/6</u>, 2015

Johann Clendenin, Chair

IN RE:			
SIP WAVE COMMUNITCATINS, LL FOR AUTHORIZATION TO PROVIE TELECOMUNICATION SERVICES IN THE UNITED STATES VIRGIN IS	DE))) _)	Docket No. 637 Order No. <u>17</u> /2015
	<u>ORDER</u>		
By action taken in the noticed mee on Tuesday, December 16, 2014, and purs Code, the following assessment is made to	suant to Title 30, Sectio	n 25, o	f the Virgin Islands
Docket No. 637Description SIP Wave Communication	s, LLC		Amount \$ 1,200.00
Full payment is to be made within to be deposited in the Treasury of the Unit maintained and administered by the Comr Utility Deposit Account as prescribed by l	ted States Virgin Island missioner of Finance de	s in a s	pecial account to be
So Ordered.			
	For the Commission		
Date: January <u>16</u> , 2015	Johann Clendenin, C	· Chairma	an

Public Services Commission

IN RE:)	
THE VIRGIN ISLANDS WATER AND POWER AUTHORITY'S LEVELIZED ENERGY ADJUSTMENT CLAUSE)	Docket No. 289 Order No. <u>27</u> /2015

By action taken in the noticed meeting of the Virgin Islands Public Services Commission on Tuesday, December 16, 2014, and pursuant to Title 30, Section 25, of the Virgin Islands Code, the following assessment is made to the Virgin Islands Water and Power Authority:

ORDER

Docket	<u>Description</u>	Amount
No. 289	WAPA Levelized Energy Adjustment Clause	\$ 160,000.00

Full payment is to be made within twenty (20) days of the date of this Order. Funds are to be deposited in the Treasury of the United States Virgin Islands in a special account to be maintained and administered by the Commissioner of Finance designated the Special Public Utility Deposit Account as prescribed by law.

For the Commission

Date: January <u>//6</u>, 2015

Johann Clendenin, Chair

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN RE:

PSC Docket No. 289

THE VIRGIN ISLANDS WATER AND POWER AUTHORITY'S LEVELIZED ENERGY ADJUSTMENT CLAUSE

Order No. <u>13</u>/2015

ORDER

WHEREAS, on August 15, 2014, the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority") filed a Petition with the Virgin Islands Public Services Commission (hereinafter "PSC" or the "Commission") for the Electric and Water Levelized Energy Adjustment Clause (hereinafter "LEAC") factors for the period of October 1, 2014 to December 31, 2014; and

WHEREAS, on October 29, 2014, WAPA filed a Petition with the PSC seeking reconsideration of PSC Order No. 9/2015; and

WHEREAS, on November 24, 2014, the Commission received a Report and Recommendations from its technical consultant, Georgetown Consulting Group, Inc.; and

WHEREAS, on November 24, 2014, the Commission met in special session in the Commission's offices on both St. Thomas and St. Croix and heard from representatives for the Authority and the Commission's technical consultants; and

WHEREAS, the Commission found that the RFM component of the LEAC rate (i.e., \$0.023/kWh) was adopted when the Commission concluded that it was cost effective and would result in annual benefits to consumers in excess of thirty-five million dollars (\$35,000,000.00), and therefore found it was reasonable and prudent, to impose an additional component to the LEAC rate:

- 1. If an expenditure of additional funds would result in greater fuel savings from improved efficiency than the cost of the program; and
- 2. That the emergency generator was a key element of the short-term program to ensure that power was stabilized on St. Thomas and St. John, and that sufficient capacity was available to perform the necessary maintenance on other units; and

- 3. That the program would permit the restoration of WAPA's generating units to acceptable levels of performance (efficiency) and reliability; and
- 4. That the Authority would engage an independent advisory contractor (IAC) to provide independent advice and fully transparent reporting to the Commission and to WAPA's Board, as well as advice on the maintenance program.

WHEREAS, the program was extended beyond its original eighteen (18) month period, the leased unit has been extended, the IAC has not been engaged, and after thirty (30) months the program appears to remain substantially incomplete. Moreover, the existing HSRG unit, which is critical to the provision of economic benefits, has been delayed without plausible explanation, despite numerous requests for information; and

WHEREAS, the Commission found that it cannot continue to support a conclusion of reasonableness or prudency in charging the additional \$0.023/kWh LEAC rate component to customers in the absence of evidence that the Authority has met these goals. WAPA has thirty (30) days in which to submit evidence that:

- a. Fuel efficiency of WAPA's existing production facilities on St. Thomas have improved substantially, not including the results of the temporary generator; and
- b. WAPA mobilizes an IAC at the Harley Plant in conformance with the Stipulations in this matter; and
- c. WAPA will, as it has represented to the Commission, develop within the next nine (9) months an Integrated Resource Plan (hereinafter "IRP") that identifies the long and short-term resources it anticipates implementing to meet its future demand for energy services. Further, pursuant to the mandates of Act 7075, the IRP will provide for WAPA to diversify itself from large units incapable of being responsive to solar and wind resources. Finally, the IRP process must evaluate both supply-side options (e.g. HRSG, new generating technologies) and customer service options which eliminate demand via a least-cost demand side option (e.g., load shifting, peak shaving, interruptible loads, energy efficiency measures).

WHEREAS, the Commission sets the electric LEAC rate for the October - December 2014 quarter at \$0.37763; and

WHEREAS, if WAPA does not provide the required information by October 30, 2014, the electric LEAC rate will be reduced to \$0.36758; and

WHEREAS, the Commission hereby delegates to its Chairman the authority to determine if any submissions by WAPA are sufficient to meet these requirements, until the next Commission meeting; and

PSC Docket 289 Order No. 13/2015 – WAPA's Petition for the Reconsideration of PSC Order 9/2015 Page 3 of 3

WHEREAS, if the Chairman determines that the submissions, if any, by the Authority are inadequate, the Commission will decide at its next meeting if a refund of those RFM funds previously collected for the engagement of an IAC should be refunded to ratepayers; and

WHEREAS, further the Commission voted to **SUSPEND** the portion of the RFM that supports the IAC as of December 1, 2014.

So Ordered.

For the Commission

Dated: January 16, 2015

Johan Clendenin, Chair

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS

PUBLIC SERVICES COMMISSION

IN RE:

PSC Docket No. 289

THE VIRGIN ISLANDS WATER AND POWER AUTHORITY'S LEVELIZED ENERGY ADJUSTMENT CLAUSE

Order No. 25/2015

<u>ORDER</u>

WHEREAS, on November 22, 2014, the Virgin Islands Water and Power Authority's (hereinafter "WAPA" or "Authority") filed a Petition with the Virgin Islands Public Services Commission (hereinafter "PSC" or the "Commission") for the Electric Levelized Energy Adjustment Clause (hereinafter "LEAC") factors for the period of January 1, 2015 to June 30, 2015; and

WHEREAS, on December 10, 2014, the Commission received a Report and Recommendations from its technical consultants; and

WHEREAS, on December 15, 2014, the Commission received WAPA's Rebuttal to the Georgetown Report; and

WHEREAS, on December 16, 2014, the Commission met in regular session in the Commission's offices on both St. Thomas and St. Croix and heard from the Authority and the Commission's technical consultants; and

WHEREAS, the Commission has reviewed the Authority's Petition for new Electric LEAC rates for the period of January 1, 2015 to December 31, 2015, the supporting information, and the report, the rebuttal and testimony of the witnesses; and

WHEREAS, upon review and deliberation the Commission voted to APPROVE WAPA's request for a six month LEAC; and

NOW THEREFORE, the Commission ORDERS that:

- 1. The Commission APPROVES WAPA's request for a six (6) month Electric LEAC.
- 2. WAPA will bear the uncertainty regarding the LPG conversion and future fuel costs.

- 3. The LEAC should be based on the amount of fuel forecast by WAPA as updated with the most recent pricing forecast in the GCG report, resulting in an Electric LEAC in the amount of \$0.279991/kWh.
- 4. The Commission adopts a phase out of the RFM, with a target date of January 1, 2016.
- 5. The Commission further adopts the findings and recommendation contained in Paragraphs 4-8 of the GCG Report, which are set forth below:
 - 4. Without a petition for approval for the proposed lease extension of Unit 25 (temporary emergency generator) and without prior PSC approval before the lease was executed, we recommend that the lease amounts be funded for the three months of the proposed LEAC period. With an April 2015 LEAC rate filing, consistent with the Commission approving a three-month LEAC rate, WAPA should be fully prepared to justify its position on the emergency generator lease extension in advance of its next petition. WAPA should be ordered to file with the Commission, by January 31, 2015, all analyses and rationale that it employed to conclude that the lease extension for the temporary emergency generator should have been for 24 months.
 - 5. Based on information and supporting data provided by WAPA in this proceeding for the period January 2015 through December 2015, the RFM rate should be set at 1.80 cents per kWh. This amount should specifically be used only for the lease payments for the temporary emergency unit through December 2015, and the remaining contracted payments for the retrofitting of the St. Thomas HRSG (Unit 21). The RFM funding allowance beyond December 2015, if any, should be determined after the PSC has reviewed and made a decision on WAPA's petition for the lease extension.
 - 6. We recommend that the infrastructure recovery charge included by VITOL in the price that WAPA pays for LPG not be based on \$150 million of proposed infrastructure costs but rather on \$87 million of infrastructure charges, and that the increase of \$63 million in infrastructure recovery charges to \$150 million not be approved in the current LEAC rate proceeding for recovery through LPG charges.
 - 7. The commission should require that WAPA provide an analysis of the LPG infrastructure recovery cost both the original \$87 million estimate and the current \$150 million estimate with full supporting documentation as has been requested

With WAPA dependent on PSC approval of the RFM funding for the emergency unit it is difficult to understand how the contract could not have acknowledged that WAPA entered into the contract contingent on obtaining PSC approval for funding.

PSC Docket 289 Order No. 25/2015 – WAPA Electric LEAC Page 2 of 2

both by the Technical Consultant and individual Commissioners and which has not been provided at the date of this Report. The original contract with VITOL had a formula for increases in the project budget that could be passed onto WAPA. WAPA has not explained how an increase in level of infrastructure recovery payments was arrived at and should be required to do so before the Commission considers its inclusion in the LEAC rate. WAPA's analysis should also be provided by January 31, 2015.

8. The PSC set WAPA's fuel recovery through the LEAC rate mechanism to recover the fuel costs based on prudent actions of WAPA. We estimate, based on data provided, that it took WAPA up to three years to negotiate the contract with Hamon Deltak for the rehabilitation of the HRSG (Unit 21). While the rehabilitation contract had a cost of approximately \$5 million, the potential savings from the greater efficiency that the HRSG would have allowed due to full combined-cycle operations and the resulting lower fuel cost over that period of time could have produced savings to ratepayers of tens of millions of dollars annually. Although a detailed narrative of the reasons for the required time line for WAPA's rehabilitation of the St. Thomas HRSG was promised by WAPA, none has been provided at the time of this Report. We recommend that the Commission require that this be provided to support the Commission's determination concerning the recovery of prudent fuel costs, by January 31, 2015.

So Ordered.

For the Commission

Dated: January 16, 2015

Johann Clendenin, Chairperson

IN RE:		
VITELCO RATE INVESTIGATION)	Docket No. 626 Order No. <u>16</u> /2015
	<u>ORDER</u>	
By action taken in the noticed meets on Tuesday, December 16, 2014, and pursu Code, the following assessment is made to	ant to Title 30,	
Docket No. 626Description VITELCO RATE INVESTI	GATION	Amount \$ 10,000.00
Full payment is to be made within to be deposited in the Treasury of the Unite maintained and administered by the Commutality Deposit Account as prescribed by la	ed States Virgin issioner of Finar	
So Ordered.		
	For the Comm	nission
Date: January <u>//</u> , 2015	Johann Clende	enin, Chairman